

background notes

Venezuela



United States Department of State
Bureau of Public Affairs

November 1990



Official Name:
Republic of Venezuela

PROFILE

Geography

Area: 912,060 sq. km. (352,143 sq. mi.): about the size of Texas and Oklahoma combined. **Cities:** *Capital*—Caracas (metropolitan area population est. 4.5 million). *Other major cities*—Maracaibo, Valencia. **Terrain:** Varied. **Climate:** Varies from tropical to temperate, depending on elevation.

People

Nationality: *Noun and adjective*—Venezuelan(s). **Population** (1988): 18.9 million. **Annual growth rate:** 3%.

Ethnic groups: Spanish, Italian, Portuguese, Arab, German, Amerindian, African. **Religions:** Roman Catholic 96%. **Languages:** Spanish (official), Indian dialects spoken by some of the 200,000 Amerindians in the remote interior. **Education:** Years compulsory—9. **Literacy**—88.4%. **Health:** Infant mortality rate—27.3/1,000. **Life expectancy**—70 yrs. **Work force** (about 6.8 million): *Agriculture*—6%. *Industry and commerce*—35%. *Services*—26%. *Other*—33%.

Government

Type: Federal republic. **Independence:** July 5, 1821. **Constitution:** January 23, 1961.

Branches: *Executive*—president (head of government and chief of state); 26-member Council of Ministers (cabinet). *Legislative*—bicameral congress (201-member Chamber of Deputies, 49-member Senate). *Judicial*—18-member Supreme Court.

Subdivisions: 20 states, 2 federal territories, one federal district, and 1 federal dependence (72 islands).

Political parties: Democratic Action (*Accion Democratica*—AD), Social Christian (*Comite Organizado, Politico pro Elecciones Independientes*—COPEI) and the Movement to Socialism (*Movimiento al Socialismo*—MAS) are the major parties in the Venezuelan congress. Nine smaller parties are also represented in the legislature.

Flag: Three horizontal bands—yellow, blue, and red, with a crest in a corner of the yellow band and a semicircle of seven stars in the middle of the blue band. The colors come from the banner flown by Simon Bolivar; the stars represent the 7 provinces.

Economy

Real GDP (1989): \$38.9 billion. **Rate of Growth** (1989-90): -8%. **Real per capita income:** \$2,058. **Avg. inflation rate** (1989): 81%.

Natural resources: Petroleum, natural gas, coal, iron ore, gold, other minerals, hydroelectric power, bauxite.

Agriculture (6% of GDP): *Products*—rice, coffee, corn, sugar, bananas, and dairy, meat, and poultry products.

Industry (17% of GDP): *Types*—petrochemicals, oil refining, iron and steel, paper products, aluminum, textiles, transport equipment, consumer products.

Trade (1989): *Exports*—\$12.9 billion: petroleum (\$10 billion), iron ore, coffee, steel, aluminum, cocoa. *Major markets*—US, Canada, Italy, Japan, Spain, FRG. *Imports*—\$7.1 billion: machinery and transport equipment, manufactured goods, chemicals, foodstuffs. *Major suppliers*—US, Japan, Canada, FRG, France, Italy, Brazil.

There is no official exchange rate. In February 1989, Venezuela eliminated a multi-tiered exchange rate system adopted in 1983; the bolivar floats against the dollar.

Fiscal year: Calendar year.

Membership In International Organizations

UN and some of its specialized and related agencies; Organization of American States (OAS); International Coffee Agreement; Andean Pact; Rio Pact; Organization of Petroleum Exporting Countries; Non-aligned Movement; Rio Group (informal group of Latin American states which deals with multilateral regional issues).



PEOPLE

Most Venezuelans are of European, Amerindian, and/or African descent. The most recent period of European immigration dates to the early 1950s, when many Spanish, Italian, and Portuguese immigrants arrived. The 1961 census showed that 94% of the people are native born; of foreign born, most came from Spain, Italy, Portugal, Africa, and Colombia.

Venezuela is sparsely populated. Most of the population is concentrated in the Andes and along the coast. Although almost half of the land area lies south and east of the Orinoco River, that area contains only 4% of the population.

HISTORY

The indigenous peoples of Venezuela ranged from sophisticated agriculturalists—the Timotes, who used irrigation and terracing—to primitive groups living on islands offshore. Coastal Carib tribes, especially the Teques and the Caracas, proved formidable enemies to the Spanish who followed Columbus after his 1498 visit. Carib leader Guaraicupo mobilized as many as 10,000 warriors to resist Spanish settlement. The first permanent Spanish settlement in South America—Nuevo Toledo—was established in Venezuela in 1522.

Spanish explorers noted natives using a black, oily liquid—petroleum—in their daily chores and took some of it to Spain as a curiosity in 1500. The Spanish were interested in yellow, rather than black, gold, however, and looked for treasure elsewhere in their colonial empire. Even

Venezuela's agricultural potential was not appreciated by the Spanish. Other Europeans, especially English adventurers and Dutch and French traders took an interest in the region and developed important commercial connections there. Eventual efforts by Spain to limit these inroads and develop the colony proved counterproductive, and Venezuelans began to grow restive under colonial control.

Armed uprisings broke out in 1795, 1797, and 1799. In 1806, Francisco de Miranda—a Venezuelan aristocrat who was also a lieutenant general in the French Revolution and an acquaintance of Washington, Hamilton, Adams, and Paine—launched an unsuccessful rebellion. Independence was not achieved until 1821 and then under the leadership of Simon Bolivar, Venezuela's native son and continental hero. Venezuela, along with what are now Colombia, Panama,

and Ecuador, was part of the Republic of Gran Colombia until 1830, when it separated and became a sovereign country.

Venezuela's 19th-century history is characterized by frequent periods of political instability, dictatorial rule, and revolutionary turbulence. The 20th century has been marked by long periods of authoritarianism: dictatorships of Gen. Juan Vicente Gomez (1908-35) and Gen. Marcos Perez Jimenez (1950-58), and a democratic interlude between 1945 and 1948. Since the overthrow of Perez Jimenez on January 23, 1958, democratic elections have been held every 5 years, and democratic institutions are flourishing. *Action Democratica* (AD) won five of these elections (1958, 1963, 1973, 1983, 1988), and the Social Christian (COPEI) Party won two (1968 and 1978).

GOVERNMENT

Venezuela's history of periodic competition for political power based on free and open elections has earned Venezuela a reputation as one of the more stable democracies in Latin America.

In December 1989, governors in 20 states and mayors in 269 municipalities were elected for the first time in the country's history. This election also was the first to use a system allowing the voter to choose individual candidates by name, rather than selecting only among party slates. Opposition parties won nine gubernatorial contests.

As Venezuela pursues political and economic reform, it maintains an influential role in foreign affairs. Venezuela, joined by Colombia, Mexico, and Panama, sought a regional solution to Central America's problems through the Contadora process. Venezuela's political parties played a prominent role in helping Nicaragua organize its own elections in 1990. Caracas has hosted peace talks between the El Salvador and the rebel Farabundo Marti National Liberation Front. Venezuela also is active in international fora such as the Non-aligned Movement.

POLITICAL CONDITIONS

After a 10-year, constitutionally mandated hiatus from power, Carlos Andres Perez took office again as president on February 2, 1989, for an unprecedented second 5-year term. He has abandoned economic nationalism, import substitution, and state intervention, the trademarks of his first term (1974-79). The decline of oil prices in the mid-1980s and changes in policy have

Principal Government Officials

President—Carlos Andres Perez
Foreign Minister—Reinaldo Figueredo Planchart
Ambassador to the United States—Simon Alberto Consalvi

Ambassador to the United Nations—Andres Aguilar Madsen
Ambassador to the OAS—Guido Groscors

Venezuela's embassy in the United States is at 1099 30th St. NW, Washington, DC 20007 (tel. 202-342-2214).

Consulates are in Baltimore, Boston, Chicago, Houston, Los Angeles, Miami, New Orleans, New York, Philadelphia, Portland, and San Francisco. Only consulates issue visas.

forced austerity on consumers accustomed to subsidies. Perez is trying to diminish the role of the state in economic affairs and the country's dependence on oil exports. To reduce the scope of public sector intervention in the economy, authorities have moved to a floating exchange rate and eliminated many interest rate and price controls, as well as the level of subsidies for consumer goods. This adjustment is likely to be painful in the short term and already has resulted in inflation and economic contraction.

Economic hardship and the austerity program sparked violence in February 1989. On February 27-28, crowds, reacting to a sharp increase in bus fares, began burning buses. The violence grew when mobs, frustrated by reduced food supplies, began widespread looting of groceries and other businesses. When police no longer could maintain order, the government temporarily suspended some constitutional rights and used military force to restore order and to feed the population.

ECONOMY

Rich in oil and other mineral resources, Venezuela has the highest per capita income in Latin America. More than 80% of its citizens live in cities along the coast, where most industry is concentrated. The economy is dominated by the petroleum industry, which accounts for 80% of exports and more than 50% of government revenue. Other resources, such as iron ore, coal, bauxite, and gold are in various stages of development. The Guasare coal field is one of the larger underdeveloped fields in the Americas, and the government hopes to produce 10

million metric tons a year by the mid-1990s, making Venezuela a leading exporter of coal. Venezuela discovered large bauxite deposits near its eastern border in 1977 and is rapidly developing an aluminum industry; seven smelters are planned. As projects come on line over the next 5 years, mineral exports are expected to at least double in volume.

Agriculture accounts for only 6% of GDP, 12% of the labor force, and 20% of the land area. The sector is highly inefficient and depends on a network of subsidies and trade barriers. Venezuela's main export crops are coffee and cocoa. The staple crops are maize and sorghum; most of Venezuela's wheat is imported.

Venezuela manufactures and exports petrochemicals, steel, aluminum, textiles, apparel, beverages, and foodstuffs. It also produces cement, tires, paper, and fertilizers, and assembles cars for the domestic market. Manufacturing accounts for 17% of GDP but is highly inefficient, having been protected by high tariff walls and import quotas.

Small and undercapitalized, the financial sector has been declining as a percentage of GDP in recent years because of unrealistic exchange rates and negative domestic interest rates. Total banking assets at the end of 1989 were the equivalent of \$18 billion, of which the public sector controls 25% through 8 mixed or public banks. Three of the smaller banks are targeted for privatization this year. Of the 41 commercial banks, 6 hold more than 50% of commercial bank assets.

Venezuela has an extensive road system. With the exception of air service, transportation and communications have failed to keep pace with the country's needs. Caracas has a modern subway, but only one functioning rail line serves the rest of the country.

The labor force of about 6.8 million is growing at more than 3% a year. High demand for labor in the 1970s ensured near full employment and attracted large numbers of immigrant workers, particularly from Colombia. Unemployment rose from 5.9% in 1980 to more than 12% in 1989. The informal sector's participation in total employment rose to an estimated 38% in 1988, reflecting rising underemployment. The public sector employs 19% of the work force, while less than 1% work in the capital intensive oil industry. The labor force is 35% unionized.

The government hopes to get more than \$16 billion in new multilateral financing (excluding commercial bank lending) for the next 5 years. Venezuela has se-

cured \$4.7 billion in International Monetary Fund (IMF) and \$750 million in World Bank financing and hopes that Japan will match the IMF's 3-year extended fund facility.

For more economic information, write the US Department of Commerce, International Trade Administration, Publications, Sales & Distribution Room 1617M, Washington, DC 20230, to obtain the semiannual Foreign Economic Trends report. For additional commercial information, call 202-377-4303.

DEFENSE

The armed forces total 58,000 personnel in four service branches—army, navy (including the marine corps), air force, and the Armed Forces of Cooperation (FAC), commonly known as the national guard, whose primary mission is to enforce internal security. Since 1959, the armed forces have come to reject a direct role in national politics. In general, civil-military relations in Venezuela are good.

FOREIGN RELATIONS

The government traditionally has said that its international conduct will be governed by:

- respect for human rights;
- the right of all peoples to self-determination;
- non-intervention in the internal affairs of other nations;
- peaceful settlement of disputes between nations, including border disputes;
- the right of all peoples to peace and security;
- support for the elimination of colonialism; and
- higher export prices for developing countries' primary products.

Venezuela has numerous border disputes with its neighbors but seeks to resolve them peacefully. Relations with Guyana are complicated by Venezuela's claim to the area up to the Essequibo River, more than half the area of Guyana. With the concurrence of both parties, the border issue was referred to the UN Secretary General for a determination of suitable means for settlement in 1987. Since 1970, Venezuela and Colombia have held sporadic talks about the maritime

border in the Gulf of Venezuela. Bilateral mediation efforts were recently reinvigorated by the presidents of both nations. A maritime boundary settlement with Trinidad and Tobago has been submitted to the legislatures of both countries for approval.

Despite economic challenges, Perez has remained active on the international stage. Venezuela has joined the Non-aligned Movement. In the Western Hemisphere, he helped monitor preparations for elections in Nicaragua and tried to rally hemispheric support behind a plan to oust former Panamanian military strongman General Manuel Noriega.

US-VENEZUELAN RELATIONS

The United States and Venezuela have similar global views—of strengthening democratic institutions around the world; furthering human rights; accelerating sound economic, social, and cultural development through orderly and progressive change within the framework of a free society; and cooperating in the defense and security of the Western Hemisphere against aggression or subversion.

Venezuela not only endorses the theoretical goals of democracy but also works with the United States to promote democracy and human rights. For example, Venezuela has adopted the American Convention on Human rights and supports the Inter-American Commission on Human Rights. Along with the United States, Venezuela supports the goals of nuclear non-proliferation in the hemisphere, conventional arms restraint, anti-terrorism, and the promotion of hemispheric economic development. Venezuela and the United States have similar views on the importance of democratization as a key element in a solution to the long-term problems of Central America.

President Perez made a state visit to the United States in April 1990, at which time he and President Bush continued their frequent discussions on a broad range of issues.

The United States is Venezuela's most important trading partner, representing more than 45% of its international trade. The United States exports machinery, transportation

equipment, agricultural commodities and auto parts in exchange for oil and other natural resources.

The United States budgeted \$700,000 in fiscal year 1990 for anti-narcotics assistance to Venezuela, which also receives \$125,000 in International Military Educational Training (IMET) funds. ■

Principal US Officials

Ambassador—Michael M. Skol

Deputy Chief of Mission—Robert C. Felder

Political Counselor—William W. Millan

Economic Counselor—Frank S. Parker

Commercial Attache—Kenneth Moorefield

Labor Attache—Robert A. Millsbaugh

Consul General—Daniel R. Welter

Administrative Counselor—Michael A. Boorstein

Regional Security Officer—Kevin M. Barry

Public Affairs Counselor—Stephen M. Chaplin

The US Embassy is on Avenida de Miranda and Avenida Principal de la Floresta, Caracas (tel. 58-2-285-2222). Office hours are 8 am to 5 pm, Monday through Friday. The consulate in Maracaibo is in Edificio Sofimara, Piso 3, Calle 77 con Avenida 13 (tel. 58-61-84253/84254). Office hours are 8 am to noon and 2 pm to 4 pm, Monday through Friday.

Published by the United States Department of State • Bureau of Public Affairs • Office of Public Communication • Washington, DC November 1990 • Editor: Jim Pinkelman Department of State Publication 7749

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